

Give Medicare program total overhaul; don't just fill 'doughnut hole'

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(August 21, 2006) - The Medicare Part D drug plan passed by Congress has failed to provide affordable drug coverage for needy Americans. The problems with the legislation are so large and systemic that Band-Aid fixes won't help. An entirely new bill is needed.

Recent criticisms of Part D have focused on the so-called "doughnut hole" rule in which beneficiaries must cover all annual expenses between \$2,251 and \$5,100 - a hole in their coverage. But while this flaw will cost patients money and is expected to hurt as many as 7 million seniors and people living with disabilities this year, it is just the tip of the iceberg.

Part D does not allow the administration to negotiate drug prices with pharmaceutical companies. These companies are charging taxpayers up to 80 percent more for drugs purchased under Part D than for those purchased under other plans. Furthermore, it prevents the re-importation of cheaper medications from Canada.

Implementation of the program was barely considered, and the result has been chaos. Millions of seniors had little time and information when choosing a drug plan. An underperforming Medicare toll-free hotline let even more consumers fall through the cracks, and faulty Centers for Medicare and Medicaid Services eligibility data produced regular prescription denials. Many

states had to declare emergencies to ensure recipients continued to receive their medications. Both beneficiaries and pharmacists regularly paid out-of-pocket costs to ensure treatment continuity.

Part D has also failed to make Medicare's drug coverage closer to universal, especially among the neediest Americans. Seven million Medicare beneficiaries without drug coverage and more than 80 percent of beneficiaries in the lowest income bracket have yet to enroll. In the 28th Congressional District, of the 104,000 Medicare beneficiaries, only 25 percent voluntarily enrolled in Part D.

While many have been left behind by Part D, there is a clear winner: the drug industry. Independent analysts predict that Part D will increase drug industry profits by \$139 billion over the next eight years. Glaxo-SmithKline's second-quarter net income already jumped 14 percent, and other leading drug companies also have benefited.

The procedure used to pass Part D was the worst abuse of the legislative process I have seen during my 20 years in Congress. Powerful Republicans quashed conscientious amendments to the bill, including one requiring the administration to negotiate lower drug prices and another allowing Americans to import cheaper drugs from Canada. And during the conference process by which the House and Senate versions of legislation are reconciled, Democratic legislators were shut out, but lobbyists from the pharmaceutical industry were invited in.

Conflicts of interest ran rampant. Commerce Committee Chairman Rep. Billy Tauzin, R-La., co-authored the bill while negotiating a \$2-million-per-year job as a drug industry lobbyist, and a top Republican aide involved with the legislation followed a similar career path.

Thomas Scully, the administration's top Medicare official, also became a drug industry lobbyist after Part D's passage, but not before he understated the program's projected cost by \$134 billion. When a leading CMS official objected, Scully reportedly threatened to fire him.

House members were given less than one day to read the 850-page bill before having to vote on it. Nonetheless, Republicans had to hold the normally 15-minute vote open for a record three hours while they coerced unconvinced members into changing their minds.

A corrupted legislative process produced a Medicare bill that violates Medicare's tradition, spirit and intent. My constituents and millions of Americans are now paying the price.

Several short-term fixes are obvious. The secretary of Health and Human Services ought to negotiate directly for lower drug prices. We need to simplify the types of plans offered and eliminate the doughnut hole. And doctors, not insurance-company bureaucrats, should decide which drugs patients need. Democrats have fought for all of these changes, and will continue to do so.

But in the end, we must take Part D back to the drawing board, and at the same time fix the broken branch of government called Congress that continues to give us indefensible bills like this one.